

recommendations may be selected for actual implementation as described in this section of the ITP.

At a minimum, the Contractor shall work with the State to pursue continuous system improvement of the EBT system through innovation. Efforts may involve improvement of system operations, addition of new benefit programs to the EBT system, and/or applications of innovative technology to solve specific EBT business problems.

Furthermore, the State expects changes in the commercial infrastructure and innovative technologies will emerge during the life of the contract. The State reserves the right to require the Contractor to implement a new technology, if the technology has been proven in the marketplace and if, in the opinion of the State, an added value will be realized. Innovations may be implemented on a pilot basis.

EBT System Innovation Recommendations must not have a negative impact on EBT system functionality or performance.

Examples of innovations may include, but are not limited to

- Future program additions (Including, but not limited to, foster care payments, child care payments, child support payments, Welfare-to-Work, In-Home Supportive Services (IHSS), special circumstances, vendor payments, Women, Infants and Children (WIC), Workers' Compensation, Low Income Home Energy Assistance Program (LIHEAP), and Direct Federal benefits.)
- Wireless POS technology
- New card technologies, such as hybrid or chip technology
- Fraud prevention and detection
- Identity verification/biometrics
- Stored value cards

At this time, the State recognizes an immediate need to implement an innovative solution for the operational problems of EBT at farmers' markets. The State requires a farmers' market System Innovation Recommendation to be submitted ninety (90) days after contract award.

The State does not anticipate the addition of any new programs or significant system-wide technology innovations until the State implements the current EBT requirements.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.11.2 Development of EBT System Innovation Recommendations

Subsequent to contract award, the Contractor shall prepare EBT System Innovation Recommendations that are related to a variety of business, technical, operational, and application

areas of the EBT environment. The Contractor shall independently identify system improvement and innovation opportunities, and shall also respond to requests for recommendations made by the State. If the State requests a concept paper for a System Innovation Recommendation, the scope and timeframe for the deliverable shall be negotiated between the Project Director and the Project Manager.

Contractor time associated with initially preparing a concept paper with respect to an EBT System Innovation Recommendation will not be compensated. The Contractor will only be compensated for actual development and implementation services associated with implementation of each respective recommendation that is subject to the approval and control of the State. At a minimum, a concept paper shall include a problem statement, a discussion of key issues; alternatives with pros and cons; risks; scope; impact; approach; high level discussion of potential costs and benefits; and a recommendation.

All EBT System Innovation Recommendations will be subject to assessment and verification by the State or its designee. Designee(s) may include, but not be limited to, an independent Quality Assurance Vendor and/or an Independent Verification and Validation Vendor. These assessments will consider, but not be limited to, technical feasibility, cost validation, savings validation (if appropriate) and system impact. As required, system benchmarks will be performed to validate benefits.

Once submitted, recommendations can be accepted or rejected in part or whole, at the sole discretion of the State. If accepted, terms, conditions, vendor risk sharing features, as appropriate, and financial arrangements related to the implementation of these recommendations, including hardware, software and services, will be negotiated on a case-by-case basis. Staff hourly rates will be based on the hourly rates the Bidder has bid in response to this ITP for the System Innovation staff that will be assigned to implement recommendations.

It is the State's intent to employ a variety of risk sharing provisions as a part of the terms and conditions that emerge from the negotiations related to EBT System Innovation Recommendations. Examples of contractor risk sharing provisions may include but not be limited to: additional bonding, compensation arrangements that result in the Contractor being paid out of accrued and verified savings that result from the implementation of a respective Innovation Recommendation, pilot implementations to confirm proof of concept, and the imposition of specific damages if projected savings do not materialize or the Innovation Recommendation is not successfully implemented. Specific risk sharing provisions will be negotiated on a case-by-case basis as a component of terms and conditions associated with State accepted EBT System Innovation Recommendations.

The Bidder should be aware that the provisions of Section 2.2.14, Exclusion for Conflict of Interest, and Section 2.2.15, Follow-on Contracts, do not apply to Section 5.11.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.11.3 Methodology

The Bidder shall identify and describe an established methodology that can be employed to identify and implement innovations that will result in improvement of the EBT System. The proposed methodology must be appropriate for a large EFT processing system, similar in size and scope to California's proposed EBT system. This methodology must present a proven approach to evaluating the current system, determining user needs, isolating cause and effect, measuring costs, predicting benefits, and developing and implementing plans. The Bidder's methodology must fully describe the analytical tools and techniques to be used.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.11.4 EBT System Innovation Mandatory Staffing Requirement

The five (5) core personnel that follow represent the minimum staffing that the Contractor must provide, at the discretion of the State, to support implementation of recommendations that emerge from EBT System Innovation activities. Staff augmentations or reductions that may be required to implement respective innovation recommendations will be negotiated on a case-by-case basis for each respective recommendation. At the time the State elects to implement a System Innovation recommendation, the Contractor shall provide resumes for the proposed staff for the State's approval. The proposed staff shall be available within thirty (30) days of an agreement between the State and Contractor to implement an EBT System Innovation Recommendation.

In Section 7, Pricing Proposal, the Bidder shall identify the respective fixed hourly rates for the categories of staff described in Section 5.11.4. These fixed hourly rates will be evaluated and scored. No cost information is to be provided in Section 5, Administrative Requirements.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.11.4.1 Project Manager for System Innovation

A Project Manager for System Innovation must have a minimum of two (2) years of experience as a Project Manager of projects of similar size and complexity to the State's proposed EBT System.

5.11.4.2 Business Process Specialist

A Business Process Specialist proposed by the Bidder must have a minimum of two (2) years of demonstrated experience in business process analysis as it relates to the management and operation of an EFT/EBT system with similar size and complexity to the State's EBT System.

The Business Process Specialist must have skills in the area of general business analysis, including, but not limited to:

- Ability to assess business strategy
- Ability to analyze business processes and procedures
- Ability to identify, document and decompose processes
- Ability to measure workflow, cost, and quality
- Ability to determine and assess business process risks
- Ability to identify opportunities for improvements in functions, service levels and efficiency

5.11.4.3 Systems Analyst

A Systems Analyst proposed by the Bidder must have a minimum of two (2) years' experience in the analysis of operations of a large EFT/EBT system similar in size and scope to the State's proposed EBT system. The Systems Analyst(s) must have skills in the area of large transaction based systems analysis, including, but not limited to:

- Knowledge of state-of-the-art information technology concepts and trends
- Ability to use Contractor's analysis tools
- Ability to map information technology and information systems to business process requirements.

5.11.4.4 Applications Analyst

An Applications Analyst proposed by the Bidder must have a minimum of two (2) years experience in the analysis and reengineering of information technology and information systems with similar size and complexity of the State's EBT system. The Applications Analyst(s) must have skills including, but not limited to, the following:

- Ability to decompose functions and processes
- Ability to determine value added steps of each process
- Ability to analyze the flow of information and how information impacts the system
- Ability to identify opportunities for improvements in functions, service levels and efficiency
- Ability to quantify the impact of business risks or other external factors.
- Ability to use Contractor's development methodology and tools.

5.11.4.5 Programmer

The Programmer proposed by the Bidder must have a minimum of two (2) years experience in the programming of information technology and information systems with similar size and complexity of the State's EBT system. The Programmer(s) must have skills including, but not limited to, the following:

- Knowledge of state-of-the-art information technology concepts and programming trends.
- Ability to use Contractor's development methodology and tools.

5.11.5 Prior Federal Agency Approval Requirements Related to Business Process Recommendations

Contractors should be aware that Federal Agency prior approval would be required for the implementation of any EBT System Innovation Recommendation that exceeds the Federal approval threshold of \$500,000.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12 Project Management Standards and Practices

The following are project management standards and practices to be employed during this project:

5.12.1 Status Meetings

The Project Manager, and other Contractor staff as required, shall attend weekly and monthly status meetings at the State's Sacramento project site. At these meetings, the Project Manager shall present the Weekly and Monthly Status Reports, which shall include project plans and status, deviations from schedule and budget, issues, recommendations, and proposed changes of planned activities, schedules, or staffing, in order to facilitate a timely project completion.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12.2 Status Reports

The Project Manager shall prepare and submit Weekly Status Reports. Status reports shall address the overall project status with respect to the Project Work Plan and shall provide progress information on all completed, ongoing and planned project activities. These reports shall summarize any outstanding project issues or obstacles and detail any proposed deviations from planned activities, schedules, budgets, or staffing. Every report should have a current work plan attached that incorporates planned and actual start and end dates, percentage complete, dependencies and critical items.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12.3 Monthly Written Progress Report

The Project Manager shall prepare and submit Monthly Written Progress Reports. The Monthly Written Progress Report shall provide a formal written Project status including the work breakdown of tasks, and shall describe overall project progress against approved milestones in the Project Work Plan; deliverable status and next month schedule for review; problems, risks and issues requiring attention, with proposed remedies; and proposed changes to the Project

Work Plan. The Monthly Written Progress Report must be certified to be accurate by the Contractor, and must be approved by the Project Director.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12.4 Issue Management

The Contractor shall track all Project issues using an automated issue tracking database. The issue tracking system shall facilitate documentation of

- issue description
- issue priority
- issue status (e.g., open, pending, under investigation, resolved)
- plan for resolution
- individual responsible for resolution
- targeted and actual resolution dates
- resolution action

Issue tracking shall also include escalation procedures and a mechanism for reporting high priority problems immediately to the Project Director. The Contractor should specifically identify procedures for problem resolution and closure.

Issues can be identified and presented by any member of the Project Team or by individuals at several levels of the organization during the Weekly Status Meetings. The Contractor is responsible for tracking issue status and reporting to the Project Director. Issue reports generated by the issue tracking system shall become part of the Contractor's Weekly and Monthly Status Reports on a consistent basis.

The Contractor shall provide, at a minimum, read-only access to the issue tracking system to key State and county staff as designated by the Project Director.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12.5 Stakeholder Communication

The Contractor shall provide reasonable assistance at the request of the State in establishing and maintaining communication liaisons and coordination with internal and external stakeholder groups, government and community organizations and committees, or similar entities that demonstrate an interest in the performance or objectives of the contract.

The Contractor shall establish and maintain direct communications with FNS-authorized retailers as part of its successful performance of required retailer (stakeholder) management responsibilities. The Contractor is solely responsible for the management of food stamp retailer recruitment, involvement, participation and performance. The Contractor shall consult with and be responsive to requests from representatives from retailer organizations during all phases of the project. The State will also participate in these consultations as needed.

At the request of the State, the Contractor shall also participate in consultations with other California stakeholder groups at locations throughout the State. These include, but are not limited to, benefit recipients, client advocates, county and state government employees, and informational and focus group meetings.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12.6 Independent Verification and Validation

The EBT Project will utilize an Independent Verification and Validation (IV&V) vendor. The Contractor must work cooperatively with the State's IV&V vendor. The IV&V vendor responsibilities will include tasks such as review and evaluation of all deliverables, including major project milestones such as preliminary and final designs; establishing project related-standards (e.g., design, programming, testing and training); and preparing all pertinent internal documentation (e.g., project organization, quality assurance plan), design/walkthrough sessions, training, testing, task and schedule validity, and participation in work in progress as directed by the State.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.12.7 Standards for Acceptance of Deliverables

5.12.7.1 Work Standards for the California EBT Project

- The Contractor shall use the standard project management, word processing, relational database management, presentation and spreadsheets products used by the State (Microsoft Office), at the version levels specified by the State, in the preparation of all Project correspondence and deliverables. The Contractor is required to upgrade software versions at no cost to remain compatible with the State.
- The Contractor shall propose a format for each deliverable and gain State approval prior to deliverable preparation. This approval process shall include submission of a Deliverable Expectation Document (DED) as specified in Section 7 of the Model Contract, Deliverables. The Contractor shall also meet with the Project Director to review an outline of each Project deliverable in advance of its preparation. The Contractor shall provide a draft Table of Contents as part of the outline. Once the Contractor has begun to develop the deliverable, the Contractor shall submit sample

pages of the document as an example of the level of detail and quality.

- Each deliverable shall include an Executive Summary.
- Deliverables shall be provided by the scheduled dates for their completion. Deliverables must be presented to the State in a binder in a professional font not smaller than 11 points, and in a consistent format that shall be agreed upon by the Contractor and the State. The Contractor must make available all deliverables on the project LAN and supply at least one (1) electronic copy on CD-ROM, and ten (10) hard copies of each deliverable.
- Deliverables shall contain the following certification: "I certify that this deliverable has been prepared in accordance with the relevant terms and conditions of the contract." Deliverables shall be signed as complete by the Project Manager and by a Contractor representative who is authorized to sign legal documents for the company.
- The Contractor shall store the project work papers by task numbers that have been assigned to the Project tasks corresponding to the Project Work Plan. In addition, Project Workbooks will store work papers not related to specific task numbers. Storage will be located in the Contractor's workspace at the project office in Sacramento. A copy of all project work papers and Project Workbooks shall be provided to the State. Project work papers and Project Workbooks developed in connection with the California EBT Project are the property of the State.

5.12.7.2 Standards for State Acceptance of Deliverables

State personnel will be responsible for reviewing and approving each deliverable. Each deliverables will require a negotiated State turn-around time to be included in the Project Work Plan. Unless agreed upon otherwise, the State's review time shall not be less than fifteen (15) business days. Should revisions to the document be required by the State, the Contractor will receive written notification of said changes and reflect them in the document within two business days of receiving the changes. The State may, at its discretion, allow a period longer than two business days in consideration of the scope of the change. The Contractor may not change a deliverable that has been accepted by the State without the approval of the State.

State acceptance shall be based upon the following:

- The document must address all components required by the ITP, the Contractor's response thereto, and any areas identified subsequently through meetings and planning sessions
- The document must address and be consistent with all components included in the Table of Contents and the draft outline as presented to the Project Director in preparation for development of the document.
- The document must be comprehensive in level of detail and quality consistent with the sample pages presented to the Project Director.
- The document must be organized and professional.
- The document must be consistent in style and quality. This means that if the document is the composite work of many people within the Contractor's organization, the document

must be edited for style and consistency. The Contractor shall certify in the cover letter that the Contractor utilized the internal deliverable review process as prescribed in the Quality Assurance Plan and required by Section 5.6.3, Deliverable Development and Review.

- The document shall be in accordance with the standards of Section 5.12.7.1, including format, font etc. The document shall have no more than one typographical error page and no format errors.
- In the event the State agrees to accept, on an interim basis, a document with one or more sections left incomplete, the document shall provide the date for completion, note the basis for the incomplete portions and the impact of any incomplete sections on project milestones.
- The overall utility of the deliverable in terms of meeting the expectations of the State and supporting the purpose for which it was developed.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.13 System Development Requirements

System development requirements provide a structured and documented methodology that can be evaluated and approved by the State. The Contractor shall develop the system and processes in close cooperation with and under the supervision of the State. Bidders shall describe in their Proposals their development methodology and tools, and approach to developing and maintaining system documentation.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____

Description: _____

5.13.1 General and Detailed System Design

5.13.1.1 Requirements Validation

Contractor shall conduct requirements validation sessions with the State Project team and other representatives. Contractor is responsible for preparing agendas for distribution prior to each session. In addition, Contractor shall prepare session minutes documenting the issues, recommendations, decisions, and action items discussed in each session for State approval.

Contractor shall provide a Requirements Definition Deliverable at the conclusion of the requirements analysis sessions in accordance with the Project Work Plan. This Requirements Definition shall present the decisions and outcomes of the requirements analysis sessions. Upon

receipt of State Acceptance of the Requirements Definition, the contents of the Deliverable will serve as foundation for both the General System Design and Detailed System Design.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.1.2 Demonstration of Existing System Functionality

If Contractor has an operational EBT or EFT system at the Contract execution date that may become the basis for meeting the requirements of the ITP, Contractor shall provide a demonstration of that system's functionality and operations in the Design Phase, according to the Project Work Plan Schedule. This demonstration shall be separate from the Functional Demonstration described in Section 5.14.1.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.1.3 Joint Application Design (JAD) Meetings

Contractor shall lead JAD meetings with State and County staff to develop and finalize User requirements and System processing specifications necessary to develop the General System Design Deliverable. Contractor is responsible for preparing agendas for distribution prior to each session. In addition, Contractor shall prepare session minutes documenting the issues, recommendations, decisions, and action items discussed in each session for State approval.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.1.4 General System Design

Contractor shall prepare a General System Design Deliverable, which will include a detailed description of the System's functionality, operations, and processes. Contractor shall prepare the General System Design in accordance with the Project Work Plan and Requirements Definition. The General System Design will be revised as necessary based on State comments.

The General System Design shall describe, at a minimum:

- A general System overview;

- The operating environment;
- Procedures and workflow;
- Detailed functional description of all operational components of the System; and
- Description of operating procedures and protocols, including those related to batch and online Interface operations, transaction processing, reporting, security, and Settlement and Reconciliation.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.1.4.1 General System Design Review

Contractor shall conduct a General System Design review with the State Project team and County representatives. The review shall provide participants with a walkthrough of the General System Design and serve to verify the accuracy and completeness of the System design based on requirements specified in the ITP, Contractor's response thereto, the approved Requirements Definition, and input received during JAD sessions. In planning and conducting the General System Design review, Contractor shall perform, at a minimum, the following tasks:

- Develop a plan for the review;
- Schedule review team participants for those persons identified by the State;
- Conduct the General System Design review; and
- Incorporate agreed upon changes into the General System Design.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.1.5 Detailed System Design

Contractor shall develop a Detailed System Design Deliverable, describing the total System configuration. Contractor shall prepare the Detailed System Design in accordance with the Project Work Plan. The Detailed System Design will be revised as necessary based on State and County comments. In addition, Contractor shall revise the Detailed System Design based on System design changes identified, and approved in writing by the State, during System development, and throughout the life of the contract. The Detailed System Design will include at a minimum:

- All Equipment, Software, and communications network design documentation;
- Function and data requirements, including but not limited to response time;
- Function validity for previously defined requirements;
- Recovery completeness and validity;
- Data communications requirements;
- Database architecture;
- Data elements and flows;
- Batch and on-line processing;
- Database load processes;
- Interface requirements; and
- System security.
- Change control procedures

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.1.5.1 Detailed System Design Review

Contractor shall conduct a Detailed System Design review with the State Project team and County representatives. The review shall provide participants with a walkthrough of the Detailed System Design. In planning and conducting the Detailed System Design review, Contractor shall perform, at a minimum, the following tasks:

- Develop a plan for the review;
- Identify and schedule review team participants;
- Conduct the Detailed System Design review; and
- Incorporate State approved changes into the Detailed System Design.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.1.6 Development Phase.

Contractor shall manage and complete all system development tasks necessary to perform and successfully complete each of the system tests and demonstrations described in Section 5.14. Contractor shall complete all system modifications identified as a result of testing during the Development Phase, and shall revise any supporting system documentation to reflect system modifications.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.1.6.1 Interface Development

The Contractor shall develop a standard interface, which will be used by all counties/consortia eligibility systems as the interface between their respective eligibility systems and the Contractor's EBT system. Contractor shall develop the interface in accordance with the Interface Specifications and County Interface Requirements, Section 6.3.1.

The Contractor shall conduct JAD meetings for the purpose of discussion and definition of interface specifications for both the Standard Batch Eligibility System Interface and the Standard Host-to-Host Eligibility Interface. The State, county and consortia technical staff will work with the Contractor in finalizing the interface specifications.

Contractor shall update and revise the Interface Specifications. Revisions shall be in accordance with JAD meeting decisions and the Detailed System Design. Contractor shall submit the revised Interface Specifications to the State for acceptance prior to release to the counties.

Once the interface specifications are finalized, all counties and consortia will develop software on their side of the interface to conform to the agreed upon interface specifications. The Contractor shall work closely with the State's staff and with each County and/or the Eligibility System vendor to assist the County in developing its side of the Interface on schedule and in accordance with the interface specifications. The Contractor shall participate in periodic meetings with the County and/or Eligibility Systems vendor(s) to assist in coordination of design and development efforts. Any design or logistical issues resulting from these meetings will be documented and reported to the State as part of the Weekly Status Reports and Monthly Status Reports.

The Contractor shall also work with each county at reasonable and appropriate times as each county prepares to implement its interface to the EBT system to ensure that each county has made necessary decisions with respect to options and that all requirement issues are addressed.

Meets Requirement: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.2 Configuration Management

The Bidder shall fully describe the methods, procedures, and automated software and system tools it will use to track installed hardware (e.g., POS and retail store LAN and controller equipment, PIN encryption devices, administrative terminals, etc.) and software inventories and site-based hardware and software configurations. Additionally, the Bidder shall describe in detail the methods, procedures and automated tools (if applicable) it proposes to use to record and track documentation and software versions installed and operational at each site and to maintain consistent document versions in use at all sites, as necessary (e.g., training materials). Finally, the Bidder shall describe any troubleshooting tools to be used in the diagnosis of incompatibility problems among EBT hardware, software, and data communications network components.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.3 Documentation

The EBT system shall be thoroughly documented. Design documents, file descriptions, database descriptions, the flow of data, all processes and logic shall be provided for approval by the State prior to programming for the system. All maintenance to the system shall be thoroughly documented. The Contractor shall provide the State with up-to-date reference manuals.

The Contractor shall supply updates (the latest available to their other commercial customers) to the hardware, firmware, software and training documentation for the duration of the contract at no additional cost. The State must approve all updates supplied.

The description, capability, operation, administration and maintenance of all proposed software and hardware must be fully documented in the form of professional quality, printed user manuals. Appropriate documentation updates shall be provided at no cost to the State as changes occur. Documentation must at all times reflect the current system functionality and capabilities, operating procedures, and limitations of the EBT system. At a minimum, the Contractor shall provide the following manuals which must be approved by the State.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.3.1 System Operations Manual

The Contractor shall prepare a System Operations Manual to support State and county operation of the system. Contractor shall provide a copy of the Manual to each trainee and shall provide up-to-date on-line help. On-line help shall be updated whenever the system is modified.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.3.2 Interface Documentation

The Contractor shall work in conjunction with the State and counties to prepare an Interface Document which will define the technical interface, record and/or message formats, data elements, communication protocols, operations procedures, error handling, programming notes and any

other information deemed necessary to allow a county to build, install and operate the interface. The Interface Document shall assist the counties and eligibility system vendor(s) with the design and development of the county portion of the interface.

The Interface Document shall contain a list of functional areas with contact names and telephone numbers for county use in problem resolution.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.3.3 Reports Catalog and Manual

The Contractor shall provide a Reports Catalog and a Reports Manual describing all standard reports to be generated by the Contractor along with instructions to access reports via on-line terminals. The Reports Manual will also provide a brief description of the daily transaction history files to be provided to the counties for internal report generation.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.13.3.4 Retailer Operations Manual

The Contractor shall provide a Retailer Operations Manual to merchants covering an overview of EBT; merchant options for participation in EBT; POS equipment functionality, installation, and maintenance; on-line transaction processing; off-line transaction processing; management functions; retailer customer service; settlement; and reporting. The State shall review and approve the Retailer Operations Manual before it is released to merchants.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.14 System Testing

The Contractor shall provide a comprehensive life cycle System Test Plan. The System Test Plan shall provide a detailed description of each test required to ensure that the EBT system—and all of the associated/interfacing systems and components—complies with both the State and federal EBT requirements and specifications. The System Test Plan shall describe tests conducted both during development and acceptance of the EBT system as well as tests to be conducted on an ongoing, periodic basis to ensure that system modifications and enhancements affecting either the

EBT system or a State or county system interfacing with the EBT system are comprehensively tested prior to migration into the live, production environment.

For each test, the System Test Plan shall define the test purpose, methodology, assumptions, environment, techniques and tools, controls, participants, location(s), timeframes, acceptance criteria, documentation, exception reporting, and re-testing procedures. The Contractor shall identify and incorporate into the testing process those automated tools and testing techniques that can provide more thorough testing and more efficient resource utilization. The Contractor should anticipate extensive participation in the testing process by representatives from the State, counties and federal agencies. The State shall participate in conducting the tests and assessing test results.

The System Test Plan shall include a management plan for each test. The management plan will serve as both a planning and management tool. The management plan will describe the test purpose and objectives; describe the system architecture, components and processes to be tested; detail the test location and schedule; define the test approach, processes and flow; define the roles and responsibilities of all test participants; describe procedures to be used to control the test environment; describe procedures for documenting test activities; describe techniques, methods and tools to be used to conduct the test; and give details explaining why the techniques, methods and tools have been selected and are appropriate in addressing the purpose and objectives of the test.

For each test, the System Test Plan shall include a comprehensive listing of test scenarios. Detailed test scripts describing anticipated test results are also required. The test scenarios and test scripts shall be developed with assistance from the State and shall include scenarios and scripts required by the State to ensure that state/county systems interfacing with the EBT system are properly exercised and tested.

In addition, the System Test Plan will provide guidelines for assessing and categorizing/prioritizing test results. These guidelines will also describe the appropriate action to be taken for each category/priority of deficiency. Upon completion of each test, the Contractor shall prepare a Test Report. The Test Report shall describe the results of the test and any additional action and testing necessary to address system issues or deficiencies identified during testing. Test Reports shall be submitted to the State within ten (10) days following the completion of each test or subsequent retest.

System testing shall be completed to the satisfaction of the State and FNS, and FNS must provide Federal System Certification prior to commencement of the Implementation Phase of this project.

At a minimum, the System Test Plan shall describe the following tests:

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.14.1 Functional Demonstration

The Functional Demonstration will provide State, county, and federal representatives the opportunity to review the EBT system functionality and operations. The Contractor shall prepare a report of the demonstration results including any system modifications that were identified. The Functional Demonstration should occur as early as possible but no later than six (6) weeks prior to the System Acceptance Test to insure the design is proceeding according to the expectations of both the State and the Contractor.

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description: _____

5.14.2 System Interface Tests

System interface tests shall be conducted between the EBT system and the State/county financial accounting and eligibility systems to ensure that all files transferred between the systems are properly received, accepted, and processed, both on-line and batch processing. Interface tests must also be conducted between the Contractor and the Financial Institution, if the Contractor will use a Financial Institution subcontractor for settlement, between the Contractor and other acquirers, and between the Contractor and FNS (e.g., AMA, ASAP, REDE). All of the above mentioned interface tests should include security as one aspect of the interface tests.

Bidder understands and will comply: Yes _____ No _____

Reference Document _____ Page(s) _____

Description _____

5.14.3 System Acceptance Test

The System Acceptance Test provides State and federal representatives the opportunity to test the EBT system functionality and operations and ensure compliance with the system design specifications and requirements. The System Acceptance Test shall occur once, before Pilot Implementation. After Pilot, the Contractor shall conduct an abbreviated acceptance test for each eligibility system that is added to the system (refer to Section 5.14.6). The System Acceptance Test shall be conducted in compliance with federal guidelines and will include testing all components of the EBT system (including, EBT host/processor, administrative terminal, ATM and POS terminal, ARU/CSC, telecommunications network, and so on). The System Acceptance test shall consist of two primary phases: structured testing based on pre-defined test scripts and ad hoc or "what if" testing. FNS Guidelines for EBT System Acceptance Test Plans is available in the Bidders' Library.

During the test script portion of the System Acceptance Test, representatives (State, county and federal) will follow detailed test scripts developed by the Contractor. The test scripts shall cover all facets of the EBT system's functionality and operations and test all of the system processing options and environmental conditions (e.g., hardware and communications failure, security violations, and erroneous data entry). Tests shall consist minimally of batch/on-line interface processing (including, account setup, change and delete; and benefit authorization, modification and cancel); card issuance and management; transaction processing; settlement processing; administrative terminal processing; retailer management; system security, edits, and controls; backup and recovery; error processing; and system reporting (both on-line and hardcopy). All system reports, including daily, monthly, quarterly and annual, shall be generated at both State and county levels as well as all batch processing, error, and performance monitoring reports. In addition, the test script portion of the System Acceptance Test shall be used to demonstrate interoperability with existing EBT systems within the State of California (i.e., San Bernardino and San Diego counties) and between California and other states.

The ad hoc or "what if" portion of the System Acceptance Test provides the State, county and federal representatives the opportunity to include various transaction sets and sequences that may not have been included in the test scripts and to challenge the system's operations and design.

Bidder understands and will comply: Yes _____ No _____

Reference Document _____ Page(s) _____

Description _____

5.14.3.1 Capacity Testing

This test shall examine the software and hardware capacity of the EBT system and all supporting systems, such as the Automated Response Unit (ARU). Test results shall be used to formulate system capacity models that will be used to monitor the EBT system and to determine the appropriate hardware and software required to properly size the EBT system. The system(s) shall be sized to support anticipated peak administrative and transaction volumes and in compliance with the performance requirements specified in the ITP. Approved capacity models will be used to benchmark system operations and establish capacity/processing limits and upgrade requirements.

The Capacity Test should support the capacity methodology proposed by the Bidder in the Capacity Plan submitted with the proposal and finalized after contract award and system design. Variations from the proposed plan shall be discussed with the State prior to submission of a revised Capacity Plan. The Capacity Plan shall explain the methodology for examining the hardware and software capacity of the system, whether the Bidder has used automated tools to actually stress the system components/architecture, or whether the Bidder is basing the proposed methodology on an established industry standard capacity methodology or model.

The Capacity Test(s) shall generate all required system monitoring reports and data and demonstrate the capability to provide required data accurately and within the timeframes required by the State. If the test fails to support the methodology(ies) proposed by the Bidder, a revised Capacity Plan shall be prepared that is consistent with the final methodology(ies).

Bidder understands and will comply: Yes _____ No _____

Reference Document _____ Page(s) _____

Description _____

5.14.3.2 Automated Response Unit (ARU)/Customer Service Center (CSC) Test

The ARU system shall be tested to ensure that the system properly accepts, processes, and transfers calls as required in the ITP. The ARU and CSC shall be tested to ensure that the systems function accurately and comply with the specified performance requirements under anticipated peak volumes. In addition, all reporting requirements for the ARU and CSC shall be demonstrated and tested to ensure that required information is available and accurately reported within the timeframes required by the State and specified in the ITP.

Bidder understands and will comply: Yes _____ No _____

Reference Document _____ Page(s) _____

Description _____

5.14.3.3 Telecommunications Network Performance Test

The Telecommunications Network Performance Test shall be conducted on the EBT system's communications network(s) to ensure that the networks are capable of handling the anticipated transaction volume within the required response time and error threshold specified in the ITP, the FNS EBT regulations, and the Quest Operating Rules. Telecommunications network tests shall be conducted for networks established to support POS, administrative terminal, card issuance, and any other processing/operation required to support the EBT system.

Industry acceptable modeling techniques are a viable alternative to actual performance testing, if the Contractor can demonstrate to the State that the modeling techniques provide an appropriate level of confidence in the telecommunication network performance. Acceptance by the State of modeling as an alternative to actual performance testing does not eliminate or change the Contractor's responsibility to meet system performance requirements.

Bidder understands and will comply: Yes _____ No _____

Reference Document _____ Page(s) _____

Description _____

5.14.4 Third Party Processor and ATM Network Certification

The Contractor shall develop a written third party processor and ATM network Certification Plan. All third party processors and ATM networks wishing to participate in the California EBT system shall undergo certification, regardless of participation in other EBT systems. The Certification Plan shall describe in detail the objectives of the certification test, the proposed certification requirements, the certification process, and required testing for certification/recertification.

Bidder understands and will comply: Yes _____ No _____

Reference Document _____ Page(s) _____

Description _____

5.14.5 Live Demonstration

The Live Demonstration will test the EBT system's processing capabilities from the point of transaction entry through authorization, settlement, and funds movement. Live demonstration shall be completed before the Pilot Implementation begins.

Bidder understands and will comply: Yes _____ No _____

Reference Document _____ Page(s) _____

Description _____

5.14.6 Eligibility System Acceptance Tests

Contractor shall conduct an acceptance test for the first county that implements each eligibility system interface. The System Test Plan shall define the elements of the eligibility system acceptance testing to be used by the Contractor and counties.

The first implementation of each of the three major components of the standard eligibility interface as described in Section 6.3.1, County Interfaces, will undergo a rigorous acceptance test process. During a three-month pilot period any deficiencies found in the interface specification will be corrected and the Interface Document will be updated to reflect any and all changes, programming notes or other helpful information. Test scripts and data will also be updated to reflect all changes.

Subsequent to the first use and acceptance of each standard eligibility interface component, it is expected that only an abbreviated acceptance will be required for each subsequent county coming on the system. This test will be designed to certify that the county eligibility system is compliant with the standard specifications as implemented by the Contractor. The Contractor is, however, still required to work with each county during their development cycle to facilitate the process. This work effort is envisioned as making certification time and technical assistance available on a scheduled basis to each county/consortia that requests such time. The degree of testing will depend on the nature of the county coming on the system. If that county is using an eligibility system software product that has already been proven in a different county, then certification time should be minimal. A number of counties do use the same eligibility software product, but operate it independently out of their own data centers. If the county is bringing on board a new (to EBT) eligibility system software product, then testing will be more significant.

The interface certification process will be done more than once for some counties, as a result of their migration to a consortium SAWS environment subsequent to their implementation of EBT.

The following chart indicates the first time a new eligibility system software product will be introduced to EBT. The Contractor should plan on a more extensive certification and acceptance process for these implementations. Subsequent counties added to the EBT system will be using one of these already tested software products and consequently the certification and acceptance should be a relatively minor effort.

Eligibility System Interfaces

Eligibility System	First County Implemented	Nbr. Counties	Nbr. Data centers
Leader	Los Angeles	1	1 ²
WCDS Case Data	Alameda	16	16
CalWIN (SAWS) ¹	Sacramento	17	1 ²
ISAWS (SAWS)	San Joaquin	35	1 ²
C-IV (SAWS) ³	Riverside & Stanislaus	3	1 ²
Riverside	Riverside	1	1
Ventura	Ventura	1	1
Stanislaus	Stanislaus	1	1

¹ Converted from WCDS Case Data² Consortium Data Center³ Converted from individual county legacy systems

No county will go live with EBT processing until the Contractor has certified that it has successfully completed the certification/acceptance scripts. Contractor shall provide test documentation (reports, notes, other outputs) to the State as evidence of this successful testing. The Contractor is expected to manage the interface certification process, to the extent possible, so that each county will be ready to go live and complete implementation according to the schedule included in ITP Section 5.7.2 Implementation Schedule requirements. Any suspected slippage (Contractor or county) in the schedule will immediately be reported to the State Project Director for further action. The certification and acceptance of each county's interface shall be completed at least four weeks prior to that county's scheduled live date (beginning of County Implementation Phase).

The following chart lists the types of certifications that will be required in order of the most complex to the least. The Contractor shall plan accordingly.

Certification Categories

Certification Category	Certification Category Description	Degree Of Complexity
Component	First time a component of Contractor's standard eligibility interface software is implemented in any county	HIGH Rigorous Acceptance Testing
New System	First time an eligibility system interface software product is implemented in any county	HIGH Extensive Certification Testing
Previous Certification - New Data Center	A previously certified eligibility system interface to be implemented and operated in a different data center	MEDIUM Abbreviated Certification Testing
Convert Legacy Batch Interface To Host-to-Host	Implementation of a consortium host-to-host eligibility system interface in a county using a legacy batch eligibility system interface	LOW Abbreviated Certification Testing
Previous Certification - Same Data Center	A previously certified eligibility system interface to be implemented and operated in the same data center	LOW Abbreviated Certification Testing

Bidder understands and will comply: Yes _____ No _____

Reference Document _____ Page(s) _____

Description _____

5.15 System Maintenance

Contractor shall update documentation, implement modifications and/or enhancements to the system, and develop required system changes due to State or federal regulation changes. All modifications, enhancements, or system changes must have prior written approval by the State and must occur during non-peak times of operations.

The Contractor shall be responsible for all maintenance of all hardware and software included in the Proposal, including all equipment supplied by the Contractor to retailers, and all administrative equipment purchased or leased by the State or counties, and shall specify in writing the frequency and duration of preventive maintenance specifically for hardware and software (as applicable).

Bidder understands and will comply: Yes _____ No _____

Reference Document _____ Page(s) _____

Description _____

5.15.1 Preventive Maintenance (Scheduled)

A preventive maintenance schedule shall be proposed by the Contractor and must be approved by the State. The schedule for host EBT system preventive maintenance must be flexible enough to allow preventive maintenance of the host system to be performed outside of peak periods of use in order to minimize the impact to the normal operations of the State and counties. Preventive maintenance at county or State sites will normally occur during reduced-workload periods within regular operating hours. Preventive maintenance schedules may be changed only by mutual consent of the Contractor and the State.

Bidder understands and will comply: Yes _____ No _____

Reference Document _____ Page(s) _____

Description _____

5.15.2 Remedial Maintenance (Unscheduled)

Remedial maintenance is performed by the Contractor on an unscheduled on-call basis arising from hardware and/or operating software failure. Remedial maintenance shall be commenced promptly after notification by a State, county, or retailer representative that hardware or operating software is inoperative. The Contractor shall always be responsive to the maintenance requirements of the State and counties, and shall comply with the response time requirements in Section 5 of the Model Contract, Equipment.

For retailer EBT-only POS equipment and peripheral equipment, on-site assistance shall be provided within 24 hours of the retailer's request seven (7) days a week throughout the year.

Bidder understands and will comply: Yes _____ No _____

Reference Document _____ Page(s) _____

Description _____

5.15.3 Equipment Substitution

The Contractor shall provide one (1) set of spare equipment necessary for card activation and PIN selection in every county site that normally houses such equipment. Such equipment may include POS device, PIN select device, printer, PIN pad. In addition, the Contractor shall provide at least one (1) set of spare card embossing equipment per county, to be deployed to a county site requiring such spare equipment as needed. The Contractor may choose to provide additional spare card embossing equipment to facilitate its fulfilling the remedial maintenance response time requirements.

Site personnel may substitute such equipment in the event that installed equipment becomes inoperable due to equipment failure. The Contractor shall instruct the appropriate personnel in the proper methods of disconnecting failed equipment, physically replacing such equipment with the appropriate spare component, and connecting the spare equipment. After the equipment has been substituted, the Contractor will repair/replace failed equipment according to the requirements specified in Section 5 of the Model Contract, Equipment.

The above-described procedure is intended to assist the Contractor by facilitating its fulfilling the remedial maintenance response time requirements particularly in outlying areas and pertains only to the on-site substitution of major items of operable equipment for inoperable equipment. It is not contemplated that replacement of circuit boards, or any parts, assemblies, or sub-components or operable equipment will be handled in this manner. If such a procedure is agreed upon, the State and county personnel shall use all due care in substituting the equipment, but shall not be responsible, unless they intentionally damage the Contractor's equipment.

The site where spare equipment is located shall provide adequate storage for such equipment, secured with an appropriate lock.

Bidder understands and will comply: Yes _____ No _____

Reference Document _____ Page(s) _____

Description _____

5.16 Project Phase Out and Transfer to New Contractor

The Contractor shall develop a System Transition Plan as a deliverable 12 months after the project begins. The System Transition Plan shall provide for the migration of the EBT system to a new contractor without disruption of service. The estimated cost for implementing the System Transition Plan shall be provided by the Contractor at the time the Plan is delivered to the State. Detailed costing levels will be included to support the estimate and to enable the State to understand the costing methodologies. Where applicable, cost items will correspond to at least the transition activities delineated below. If the State transitions to a new contractor at the expiration of the Contract, the Contractor shall perform the duties outlined in the System Transition Plan. The work authorization process, as contained in the contract will be used to invoke the services.

For a minimum of six (6) months before the expiration of the Contract, if the State will be transitioning to a new contractor, the Contractor shall assist the State and the counties in migrating to the new contractor. The Contractor shall provide all necessary support to facilitate a speedy and problem free transition that does not interfere with service to clients or county operations. Failure to cooperate with or withholding any information or records requested by the State, or the new contractor, that impairs in any way the transition of EBT to a different party, shall constitute a material breach of the Contract, and shall subject the Contractor to liability for all damages incurred by the State because of such failure. Notwithstanding the above, the State may alternatively choose to consider a breach of this section an event of default.

The Contractor shall provide current system documentation, current source programs, executables, and data files in such format and on such media as may be requested by the State. The Contractor shall develop a Transfer Plan that identifies the necessary activities that must be accomplished prior to and during the conversion in order to be successful. The Contractor shall also work with the new contractor to ensure that the Transfer Plan is completed. The Contractor shall assist in all aspects of the conversion to ensure a successful transition. The assistance shall include, but not be limited to:

- Notifying retailers and recipients of the change
- Discontinuing new benefit authorization
- Allowing POS equipment to remain in retailer locations during the phase-out period to allow recipients to access remaining benefits
- Terminating all EBT related agreements at the end of the phase-out period
- Providing the State and the counties with a report of any remaining benefit balances
- Notifying recipients with existing balances
- Coordinating the transition to a new contractor
- Coordinating the transition to a new system

Additionally, at the request of the State, the Contractor shall continue to perform the duties and responsibilities of the Contract following the normal expiration date of the Contract or following the date of termination for cause or convenience; until the system is successfully transferred to a new contractor. If the Contractor must continue to perform duties after the original contract term and the two additional one-year extensions in order to complete the transition, pricing will be adjusted according to the terms of the contract.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.17 Confidentiality

To preserve the integrity of the security and confidentiality measures integrated into the State's automated information systems, each Bidder is required to sign the Confidentiality Statement attached as Exhibit #5-5 and submit it by the date specified in Section 1.5, Key Action Dates.

Similarly, any Bidder or subcontractor to the Bidder engaging in providing services to the State, requiring or allowing him/her to come into contact with confidential or sensitive information, is required to exercise appropriate and adequate security precautions for such data that is made available to him/her. Such adequacy of security precautions is determined by State policy and practice, which must be adhered to by its contractors.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.18 System Demonstration

This procurement will not require a demonstration.

5.19 Miscellaneous Administrative Requirements**5.19.1 Contract Amendments**

Each contract executed as a result of this ITP may be amended by mutual consent of the State and the Contractor.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.2 Nondiscrimination Compliance Statement

Bidders, and any subcontractors receiving more than ten percent (10%) of the estimated value of the contract, must submit a Nondiscrimination Compliance Statement, Exhibit #5-6, with the Draft Proposal and the Final Proposal.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.3 Drug-Free Workplace Certification

California Government Code Section 8355 requires that contractors to the State must provide for a drug-free workplace. Each Bidder and any subcontractors receiving more than ten percent (10%) of the estimated value of the contract must certify compliance to this law by submitting a fully executed Drug-Free Workplace Certification, Exhibit #5-7, with their Draft Proposal and Final Proposal.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.4 Vendor Data Record

Bidders must submit a completed Vendor Data Record, Exhibit 5-8, with the Draft Proposal and the Final Proposal.

Bidder understands and will comply: Yes _____ No _____

Discussion (if any): _____

5.19.5 Subcontractor

A subcontractor is any person, partnership or company not in the employment of or owned by the Contractor that is performing services or providing equipment required by this ITP.

Examples include, but are not limited to, computer programmers, card production vendors, POS equipment suppliers, and training subcontractors. Utilities, networks and third party processors participating in EBT are not considered subcontractors.

The Bidder shall complete Exhibit #5-4, Subcontractors, whether or not subcontractors will be used.

The responsibility and liability for subcontractor coordination, control and performance shall rest with the Contractor. The Contractor will be responsible for the completion of any work that has been subcontracted. Subcontractors shall meet all prerequisites and standards and shall adhere to the same operational standards and requirements as the Contractor, as specified in the ITP. The Contractor must notify all subcontractors of all terms and conditions. The Contractor shall obtain prior written approval from the State prior to subcontracting the performance of any required service after the execution of the Contract.

The Bidder shall include in its Proposal background information about any subcontractor that will be providing equipment or services required by this ITP. This shall include project organizational charts that clearly specify the roles and responsibilities of each subcontractor and the qualifications of each subcontractor to provide its component of the EBT system. At a minimum, the Bidder shall include the following information in its Proposal for each subcontractor:

- Subcontractor name and address, corporate/company director and primary contact
- Each specific service(s) the subcontractor shall be performing
- Description of relevant qualifications, capabilities, and resources
- A commitment to establish a contingency plan should the proposed subcontractor fail to perform
- A commitment to assure subcontractor compliance with the security and confidentiality requirements set forth in this ITP

For any subcontractor (including Disabled Veteran Business Enterprise subcontractors) that the Bidder chooses to use in fulfilling the requirements of this ITP and that is expected to receive more than ten percent (10%) of the estimated value of the contract, the Bidder must include with the submission of its Draft Proposal and Final Proposal the following items completed by the subcontractor:

- Confidentiality Statement, Exhibit #5-5
- Nondiscrimination Compliance Statement, Exhibit #5-6
- Drug-Free Workplace Certification, Exhibit #5-7
- Disabled Veterans Business Enterprise, Exhibit #5-9
- Certification Regarding Debarment, Exhibit #5-14
- Certification Regarding Lobbying, Exhibit #5-15
- Audited Financial Statement, per Section 5.2.1
- Corporate References, per Section 5.4

Bidder understands and will comply: Yes _____ No _____

Reference Document: _____ Page(s) _____

Description _____

5.19.6 Federal Minority and Women Business Enterprise (MWBE) Requirements

Bidders are required to comply with the provisions of 7 CFR 277.14 (e) and 45 CFR 74.44 (b).